

# Fundraising & Deal Structure: Considerations for Crypto Startups

SPEAKER

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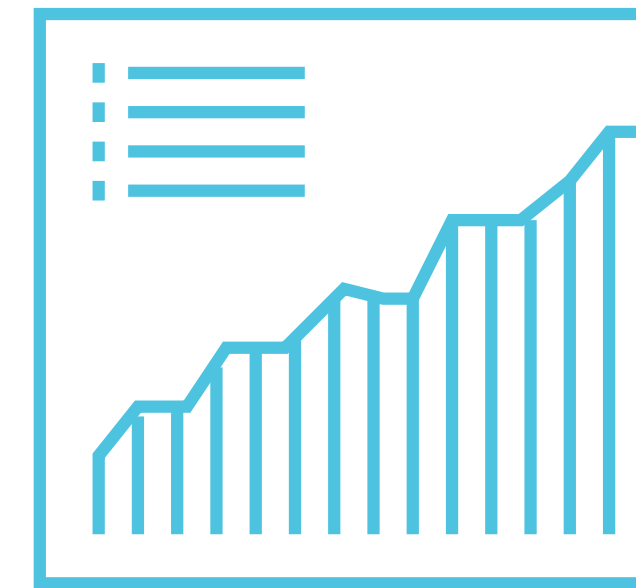
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# Startup Financing



## FINANCIAL CAPITAL

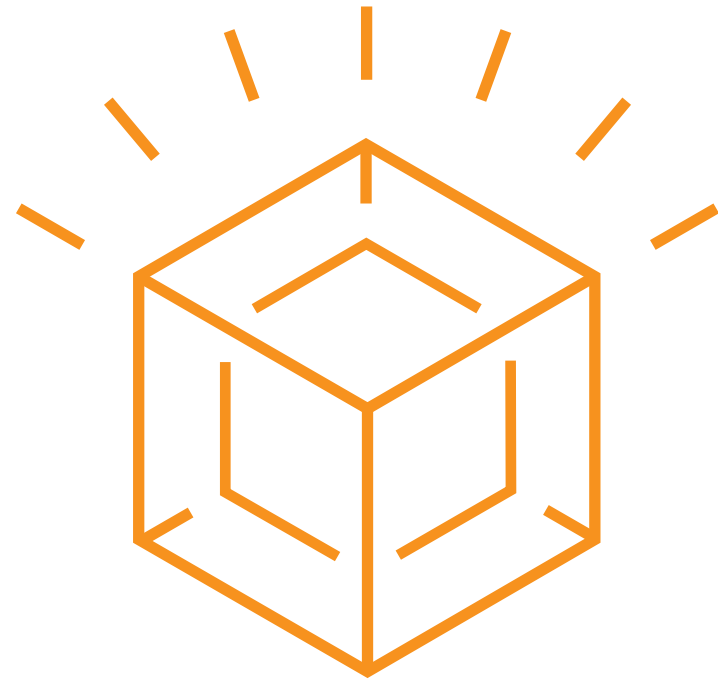
Investment money  
used to hire people,  
build products and services



## PRODUCTION CAPITAL

The value of those  
products and services

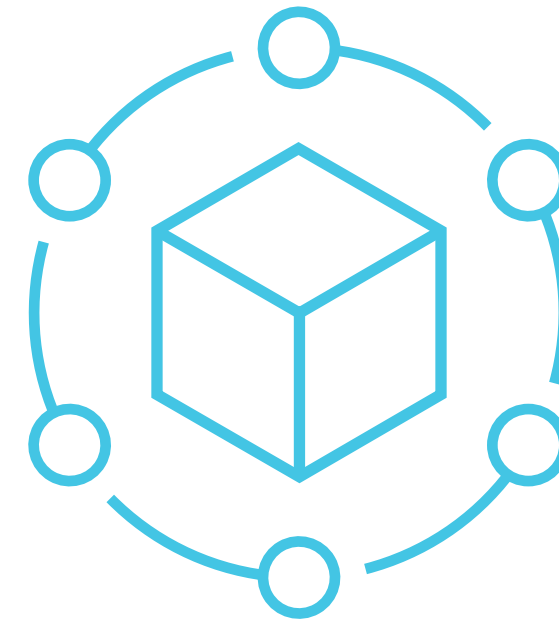
# Three Objectives for Crypto Apps



OBJECTIVE 1



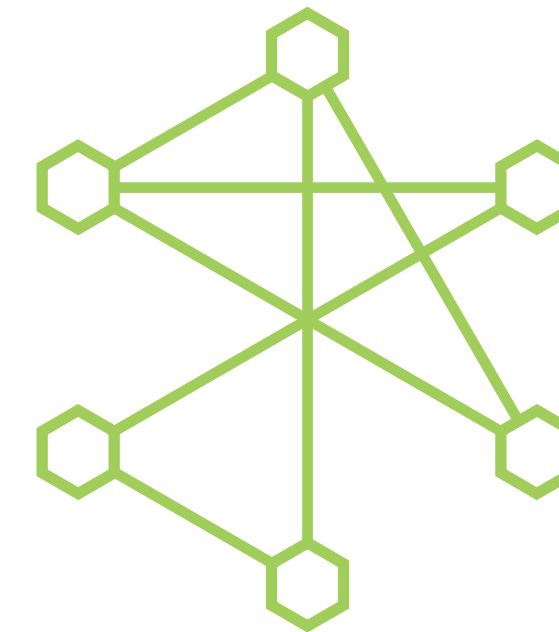
**BUILD A PRODUCT  
PEOPLE WANT**



OBJECTIVE 2



**BUILD A  
COMMUNITY**



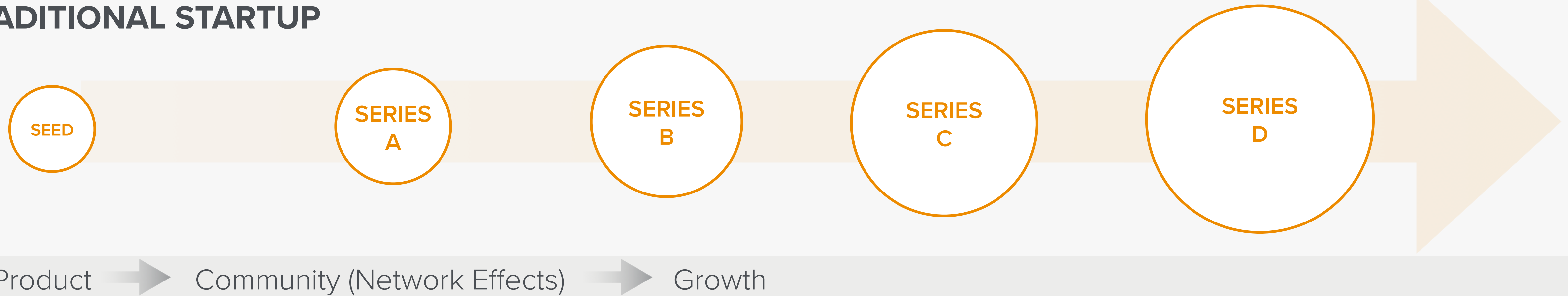
OBJECTIVE 3



**GIVE OWNERSHIP  
TO THE COMMUNITY**

# What's Different About Fundraising for Crypto?

## TRADITIONAL STARTUP



## CRYPTO STARTUP





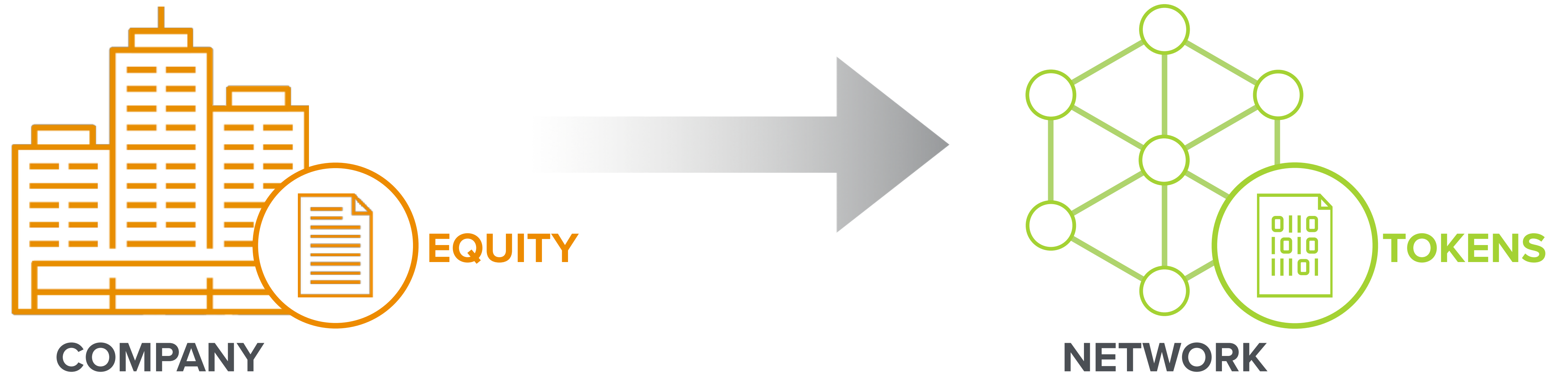
# Deal Structure



# How Should Crypto Founders Structure Deals?



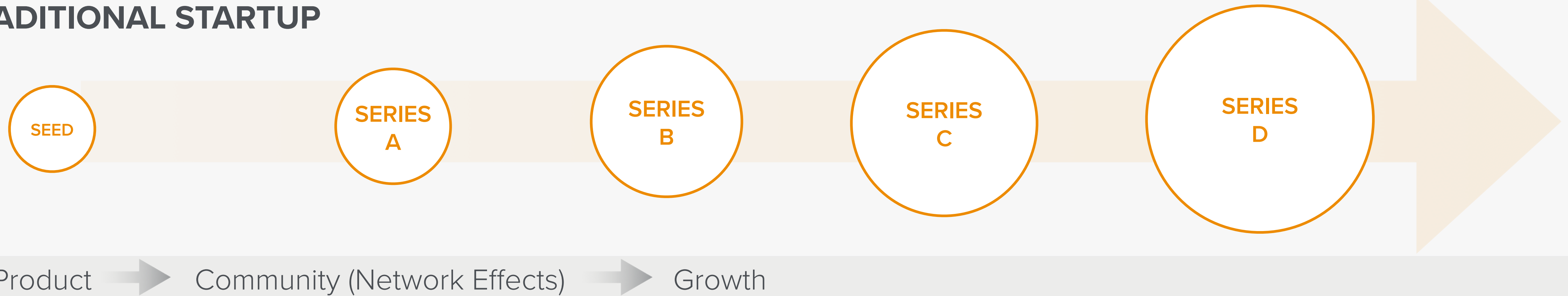
# How Should Crypto Founders Structure Deals?



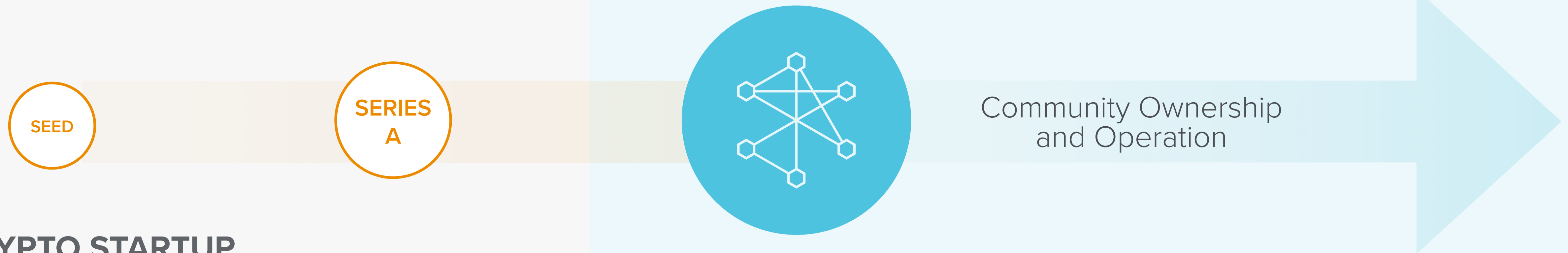


# What's Different About Fundraising for Crypto?

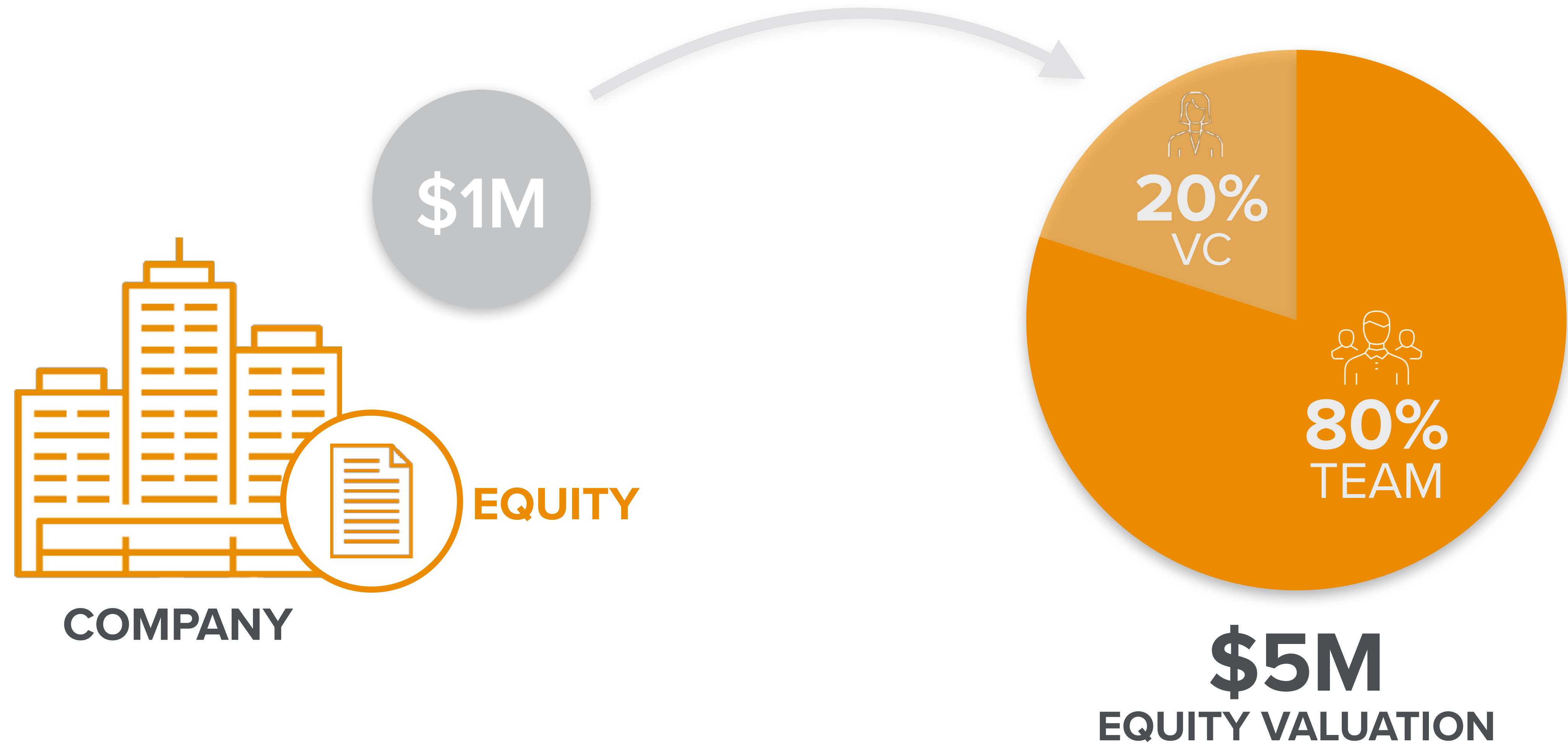
## TRADITIONAL STARTUP



## CRYPTO STARTUP

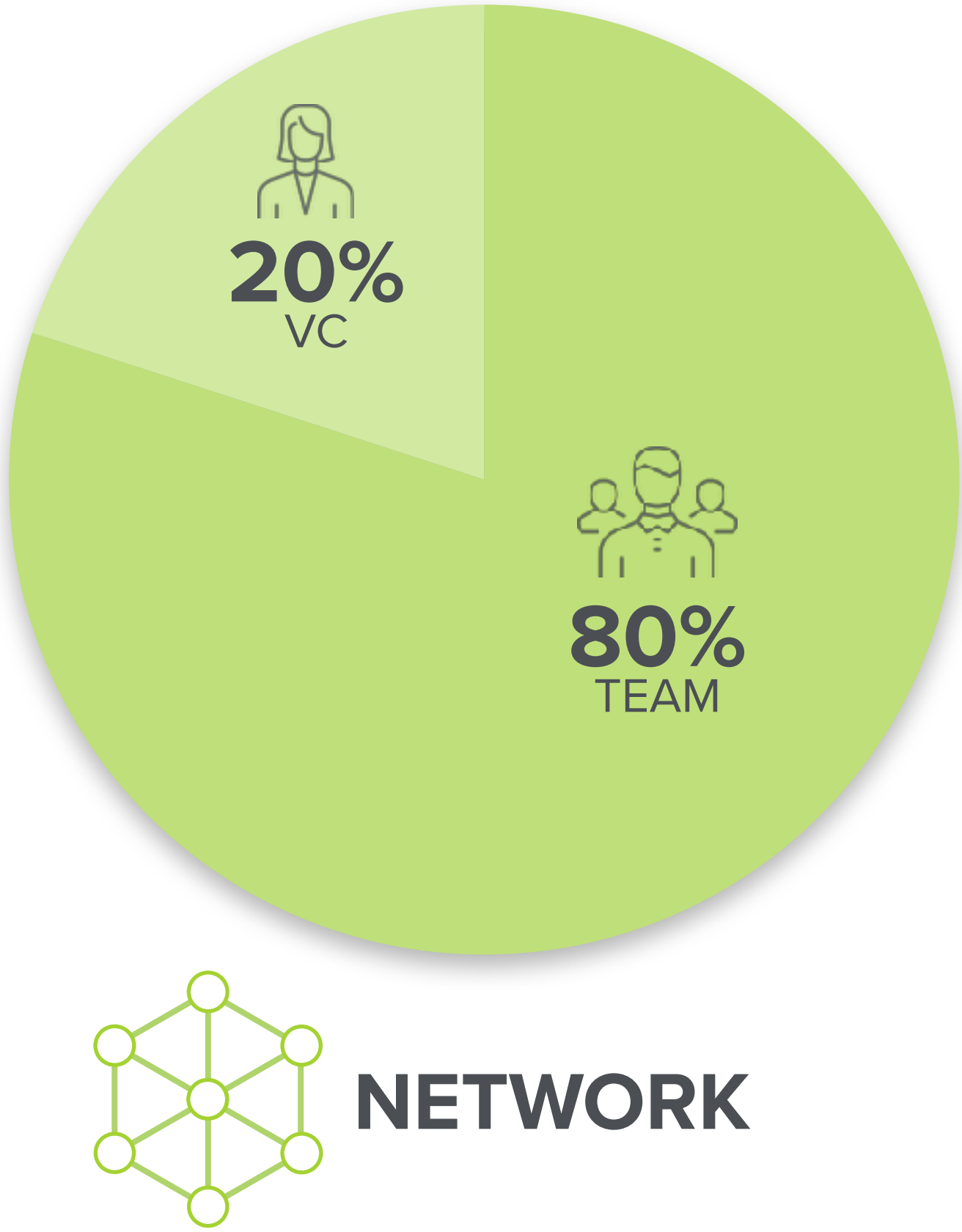
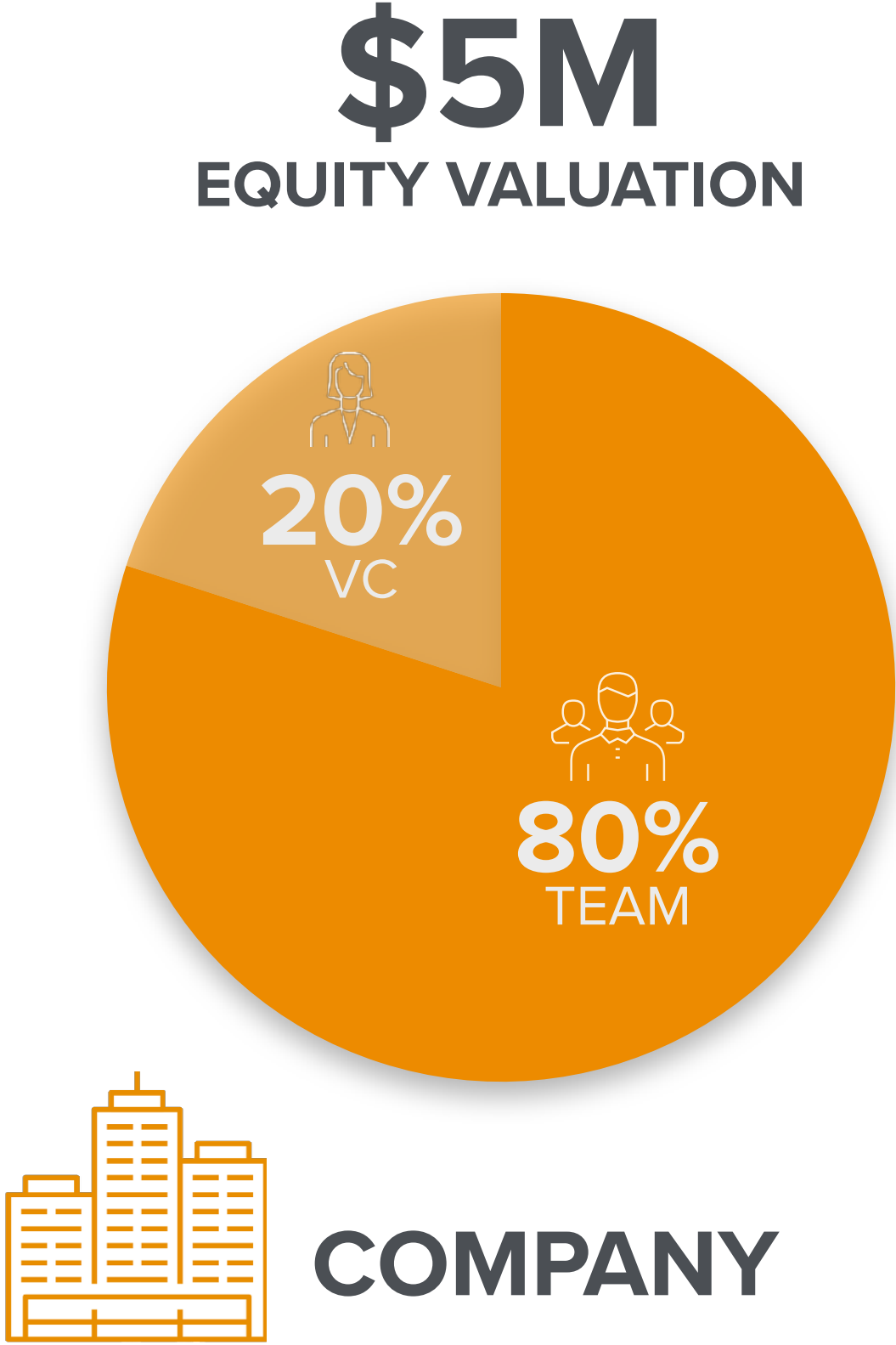


# Example: Equity Investment With Token Rights



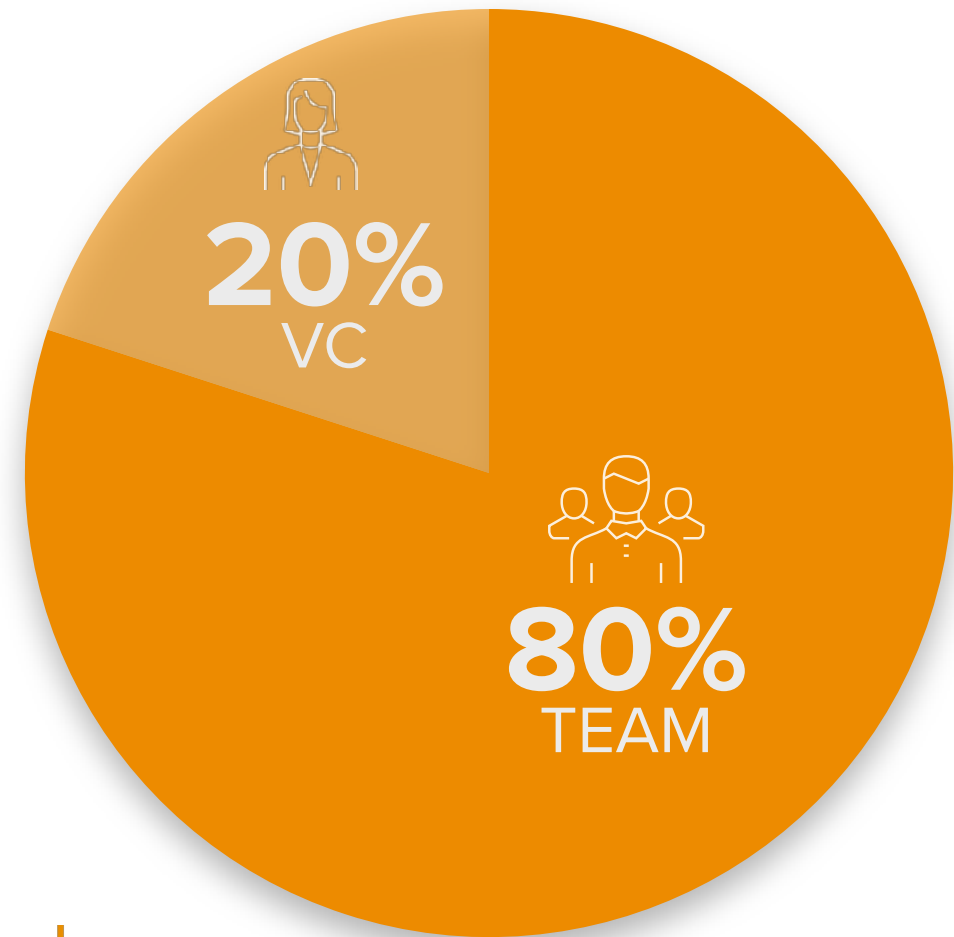


# Example: Equity Investment With Token Rights



# Network Ownership

**\$5M**  
EQUITY VALUATION

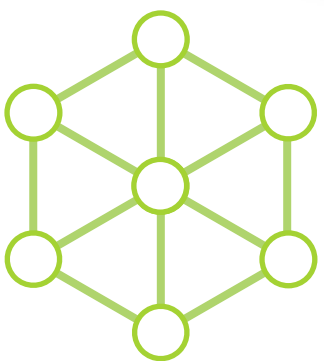


**COMPANY**

**\$10M**  
TNV (TOTAL NETWORK VALUATION)



**50%**  
Community

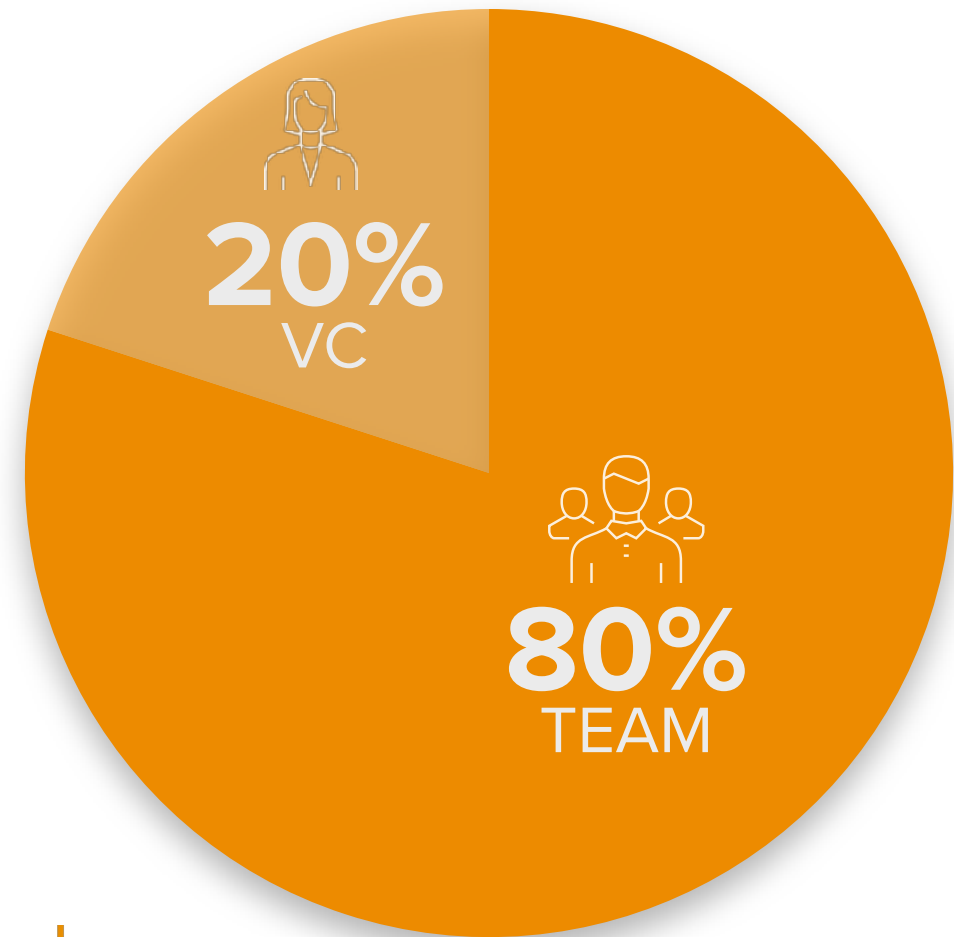


**NETWORK**



# Network Ownership

**\$5M**  
EQUITY VALUATION

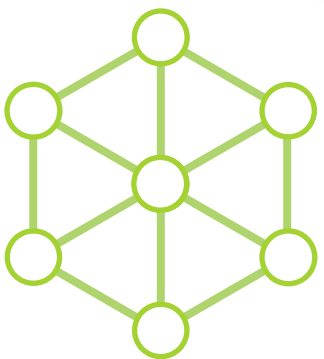


**COMPANY**

**\$20M**  
TNV (TOTAL NETWORK VALUATION)

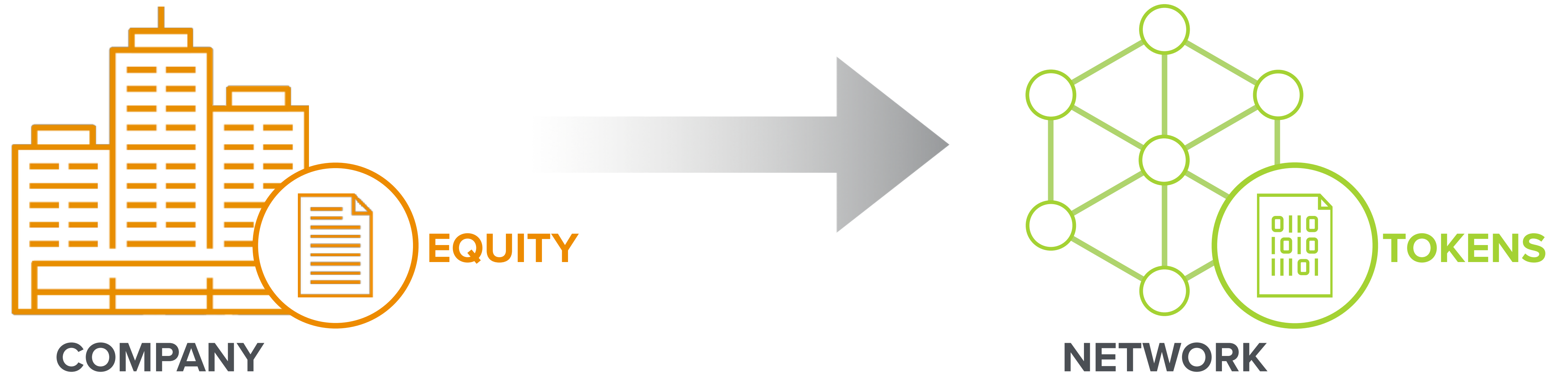


**75%**  
Community



**NETWORK**

# Takeaways: Equity With Option for Tokens





# Network Monetary Policy



# Productive Tokens Offset Dilution

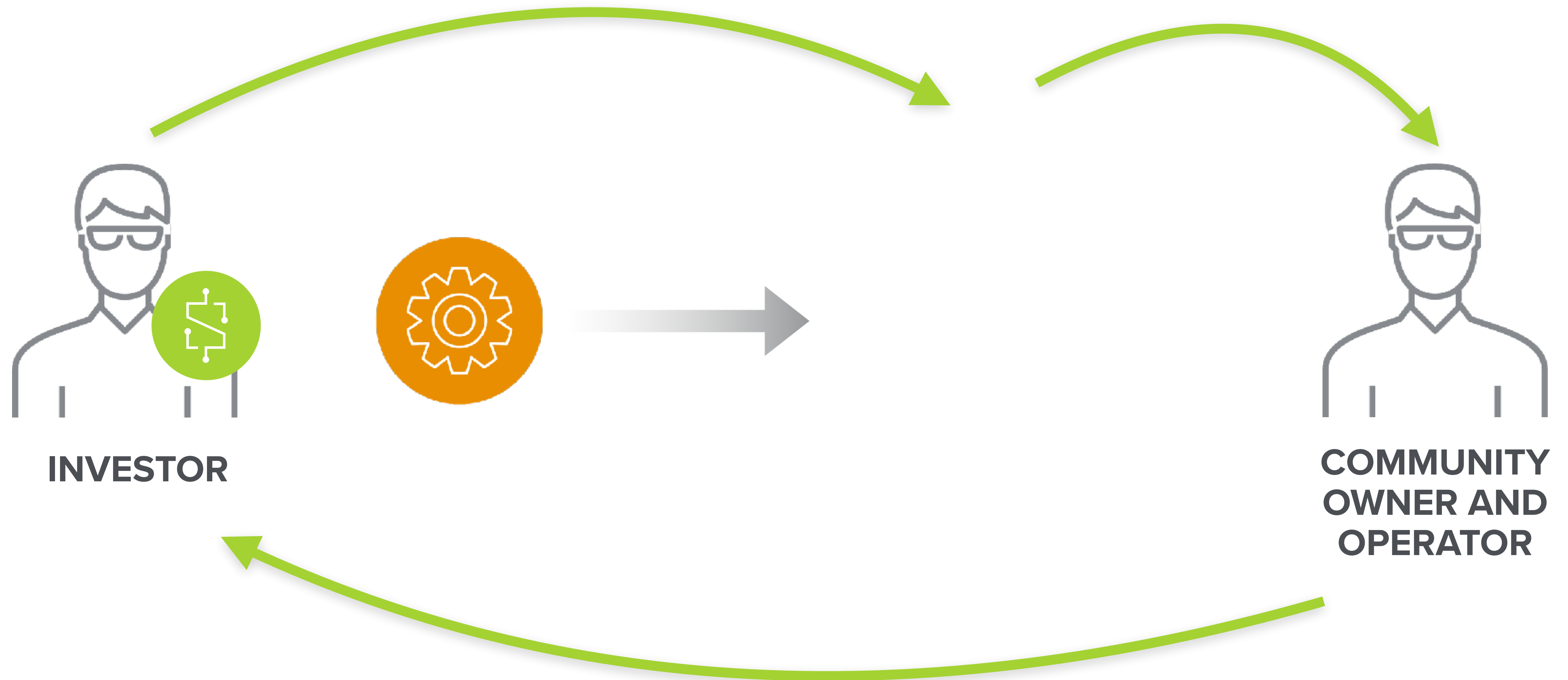




# Productive Inflation



# Productive Inflation



# Evolution of Financial Capital for Crypto Startups

## Crowdfunding

Top 10 Biggest Crowdfunding Events in History were ICOs

Regulatory Issues

Distraction from Product Development

## Crypto Hedge Funds

Short Term Returns

Focused on trading

Not as Easily Aligned with Founders

## Crypto Venture Capital

Committed Capital

Aligned for the Long Term

Specialized in:

- Network Participation
- Token Custody
- Valuation Methodology
- Deal Structure



# Takeaways

## Fundraising in Crypto



Understand how crypto fundraising is different from a traditional startup



Have a clear plan of how you get there



Your early community is critical in bootstrapping the network

a16z  
**[CRYPTO STARTUP SCHOOL]**